



MAJESTIC
STEEL USA

CORE REPORT

06.06.25

COST

01

- ⊖ scrap
- ▼ iron ore
- ⊖ energy
- ⊖ zinc
- ▼ coking coal

SUPPLY

05

- ⊖ lead times
- ▲ production
- ⊖ imports
- ⊖ inventories

DEMAND

06

- ▼ automotive
- ▼ construction
- ⊖ appliance
- ▼ manufacturing
- ⊖ agriculture
- ▼ consumption

ECONOMIC

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- ▲ employment
- ⊖ inflation
- ⊖ confidence
- ⊖ retail sales
- ⊖ GDP



THE RIGHT STEEL SUPPLY CHAIN HAS NEVER MATTERED MORE

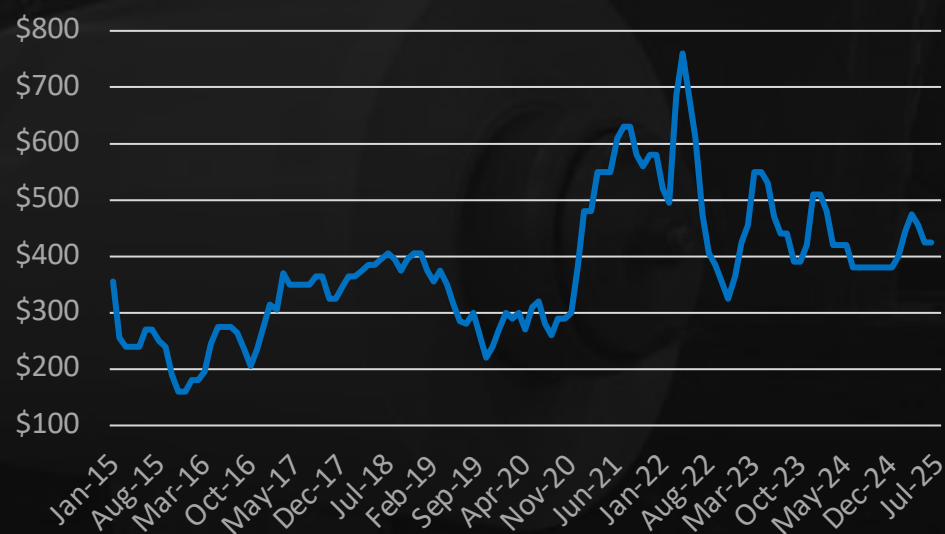
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PRIME SCRAP

SCRAP¹

After softening in back-to-back months amid ongoing volatility and declining demand, prime scrap pricing stabilized and found a floor in June.

- Prime scrap settled flat, holding at \$425/gt.
- This is down \$50/gt from the recent peak in March but up \$25/gt from the beginning of the year.

While some uncertainty remains, a combination of tight mill inventories, improving sentiment, doubling of steel tariffs, and stronger export activity is creating the foundation for a possible summer rebound.

Shredded scrap held steady as well, remaining at \$375/gt.

COST

▼ SPOT IRON ORE²

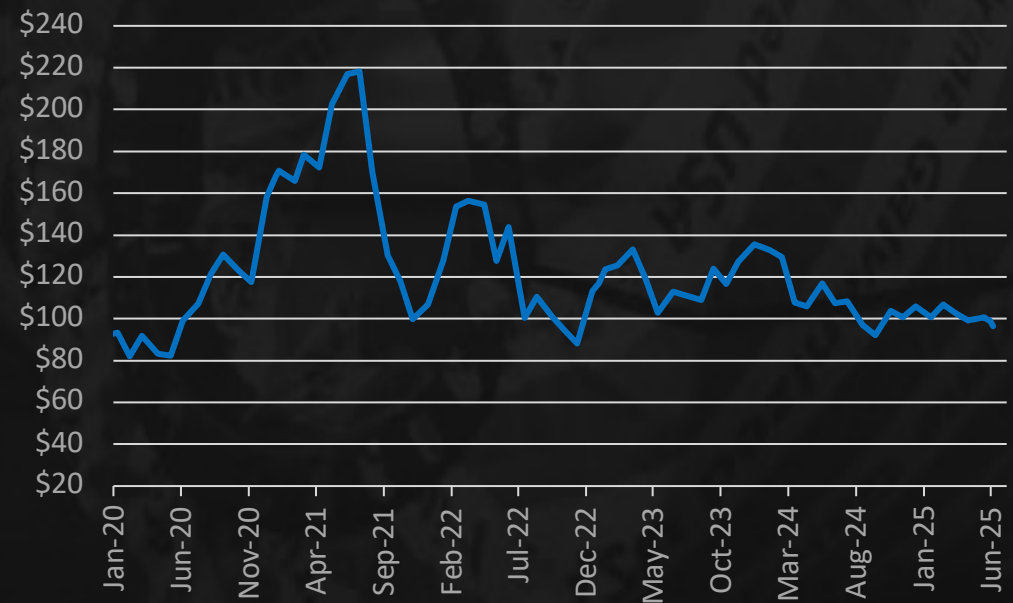
Spot iron ore dropped sharply again this week, now down five out of the last six weeks to a multi-month low.

Spot iron ore pricing ended the week at \$96.35/mt, down from \$99.27/mt a week ago.

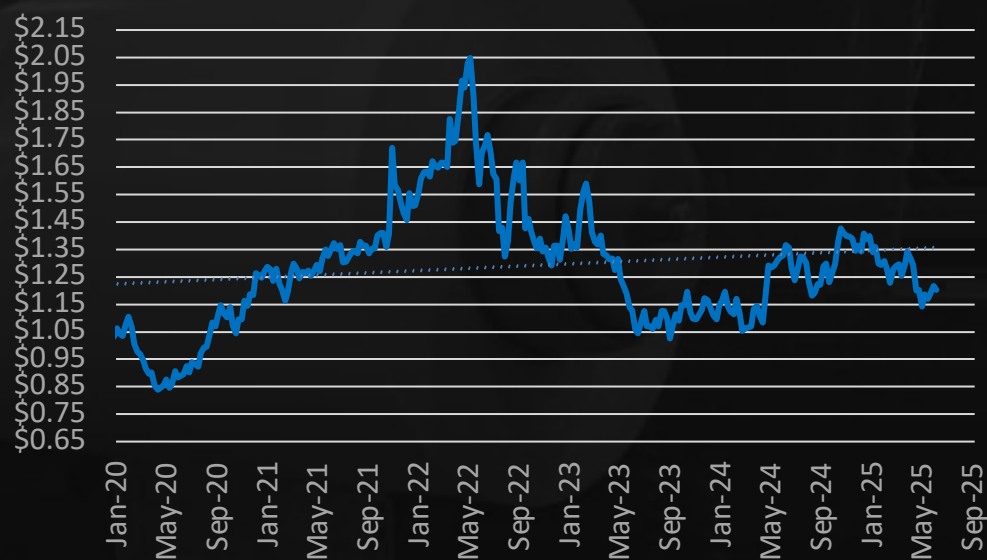
- This is now the lowest price for iron ore since September 2024.

Subdued steel consumption in top consumer China due to tariff uncertainty along with persistent weakness in the country's real estate sector is continuing to lower demand.

IRON ORE COST



WEEKLY ZINC PRICING



Zinc pricing settled flat this week after sliding the previous two weeks.

Zinc pricing ended the week at \$2,627/mt (\$1.192/lb), flat from \$2,630/mt (\$1.193/lb) previously.

- The lack of tangible trade negotiations between the U.S. and China and the impending resumption of reciprocal tariffs have raised concerns about demand in China.
- Despite these headwinds, supply-side constraints have helped zinc remain above its early April one-year low of \$1.14/lb.

Global zinc inventory rebounded slightly after dropping the previous six weeks.

- LME warehouse inventory dropped for the seventh consecutive week, sliding from 141,375 metric tons to 137,150 metric tons.
- Shanghai warehouse inventory increased after sliding eleven straight weeks, climbing from 42,310 metric tons to 47,012 metric tons.

COST

▼ COKING COAL⁴

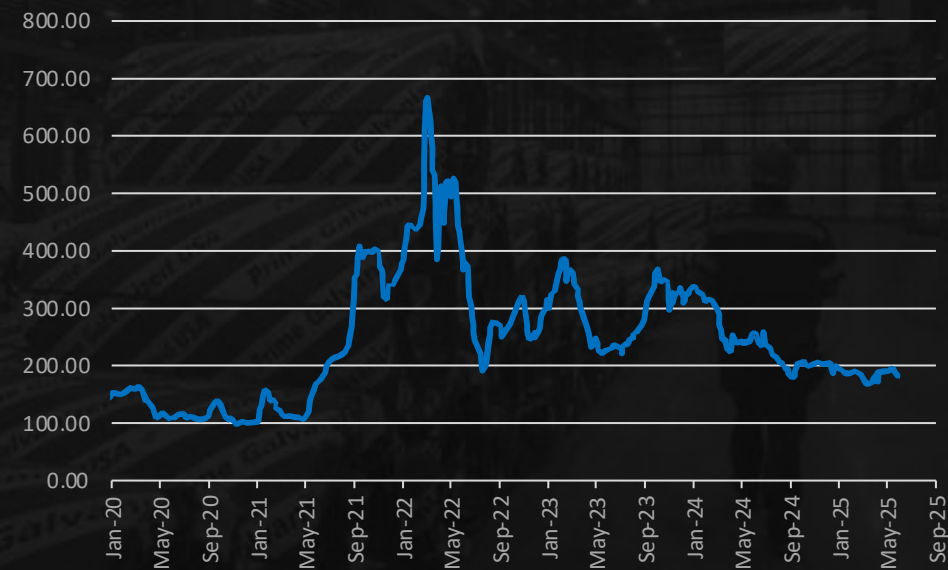
Coking coal pricing dropped sharply this week, now down for the second consecutive week.

Coking coal settled at \$181.40/mt, down from \$195.30/mt last week.

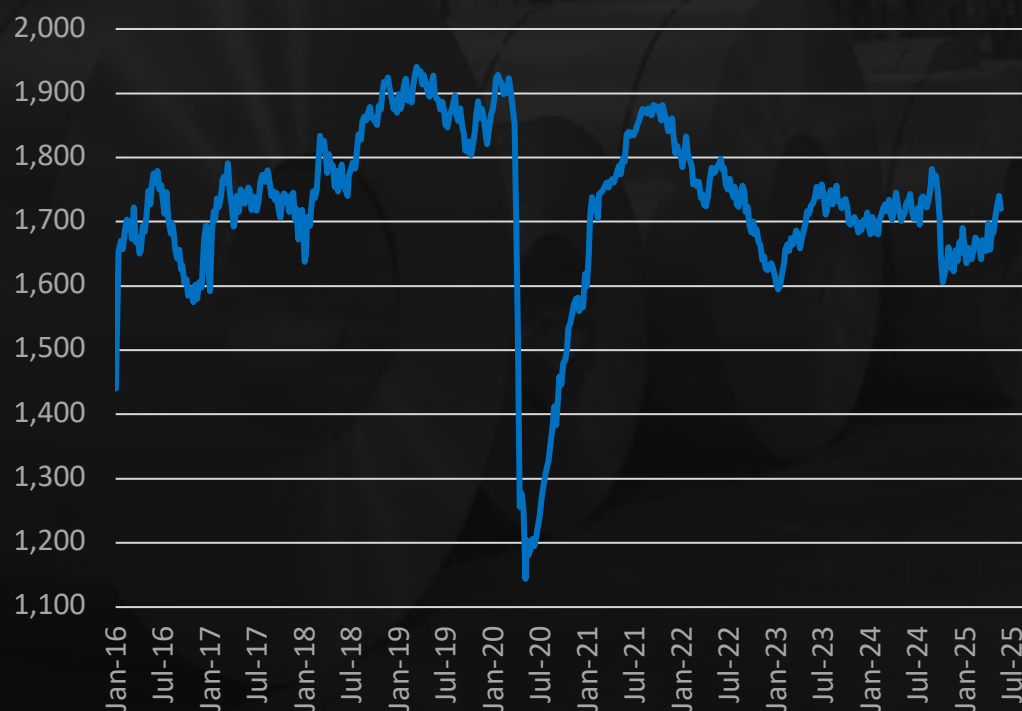
- This is down 7% week-over-week to the lowest level since early-April.

Lower steel demand in China and ongoing tariff uncertainty continues to weigh heavily on the global coal market.

COKING COAL PRICE



WEEKLY DOMESTIC PRODUCTION



WEEKLY DOMESTIC STEEL PRODUCTION⁵

Domestic raw steel production increased sharply again last week, now up six out of the last seven weeks.

U.S. mills produced an estimated 1,757k tons at a 78.2% utilization rate; this is up from 1,744k tons and a 77.6% rate previously.

- This is now the highest weekly output and utilization rate since early-September as mills ramp up to offset the loss of imports.

Production rose in three of the five regions, with the largest increase (in tons) coming from the Southern region.

- Production from the Southern region spiked from 755k tons to 793k tons.

Year-to-date production is now down 1.8% compared to the same timeframe from last year.

DEMAND

⓪ LIGHT VEHICLE SALES⁶

After increasing sharply the previous two months on the back of the tariff-induced buying, U.S. light vehicle sales slowed in May.

May light vehicle sales came in at a 15.65 million unit rate, down from rates above 17.00 million in both March and April.

- May sales were slightly below (-1.1%) year ago levels, after seeing gains the previous eight months.

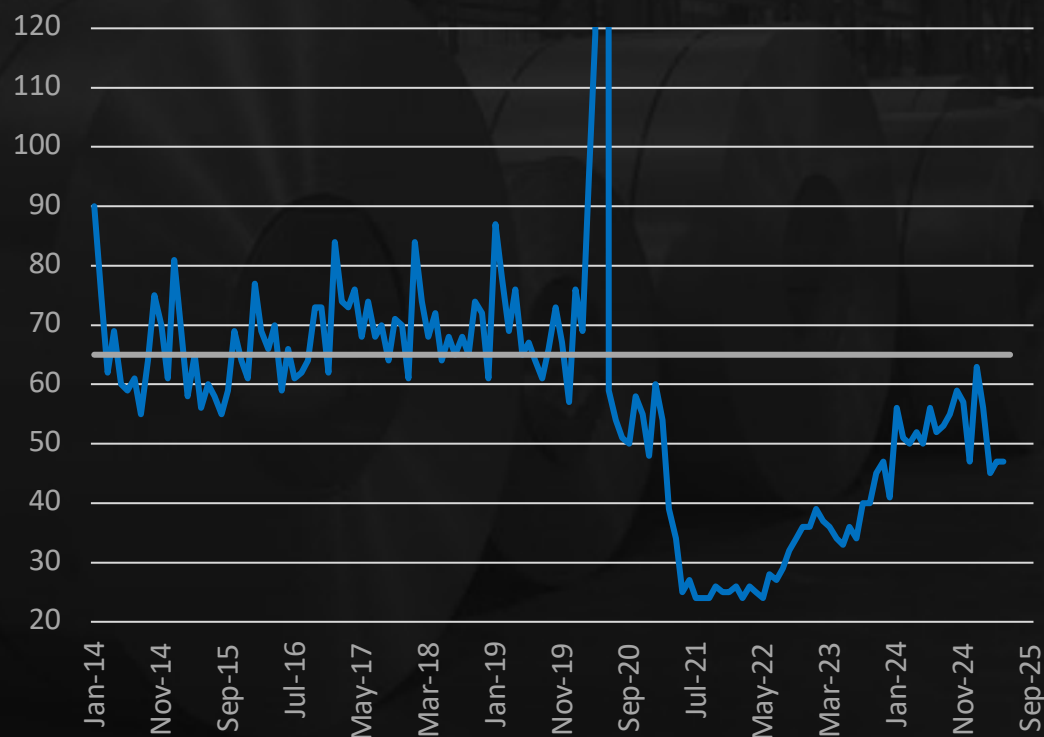
The twelve-month average was virtually flat at a 16.14 million unit rate, holding near its highest level since summer 2021.

The pulled ahead buying from the previous two months took a toll on inventories, which played a role in the weaker May sales rate as well.

LIGHT VEHICLE SALES (SAAR)



U.S. LIGHT VEHICLE DAYS OF SUPPLY



⦿ LIGHT VEHICLE INVENTORY⁷

The surge in buying activity in March/April as buyers pulled through sales to get ahead of tariff induced price increases, helped to lean dealer inventory levels.

May U.S. light vehicle inventory increased slightly on a month-over-month basis but was down from a year ago for the third consecutive month.

- U.S. light vehicle inventory ended May at 2.65 million units, up 1.1% from April but down 6.0% from May 2024.

The current inventory level, when combined with May's sales pace, equates to 47 days of supply.

- This is flat from April and remains well below the "healthy" level of 60 days of supply.

DEMAND

CONSTRUCTION SPENDING⁸

Total construction spending continued to slow in April, now sliding, on a seasonally adjusted basis, for the third straight month.

April construction spending came in at a \$2.152 trillion rate, down 0.4% from March and down 0.5% from April last year.

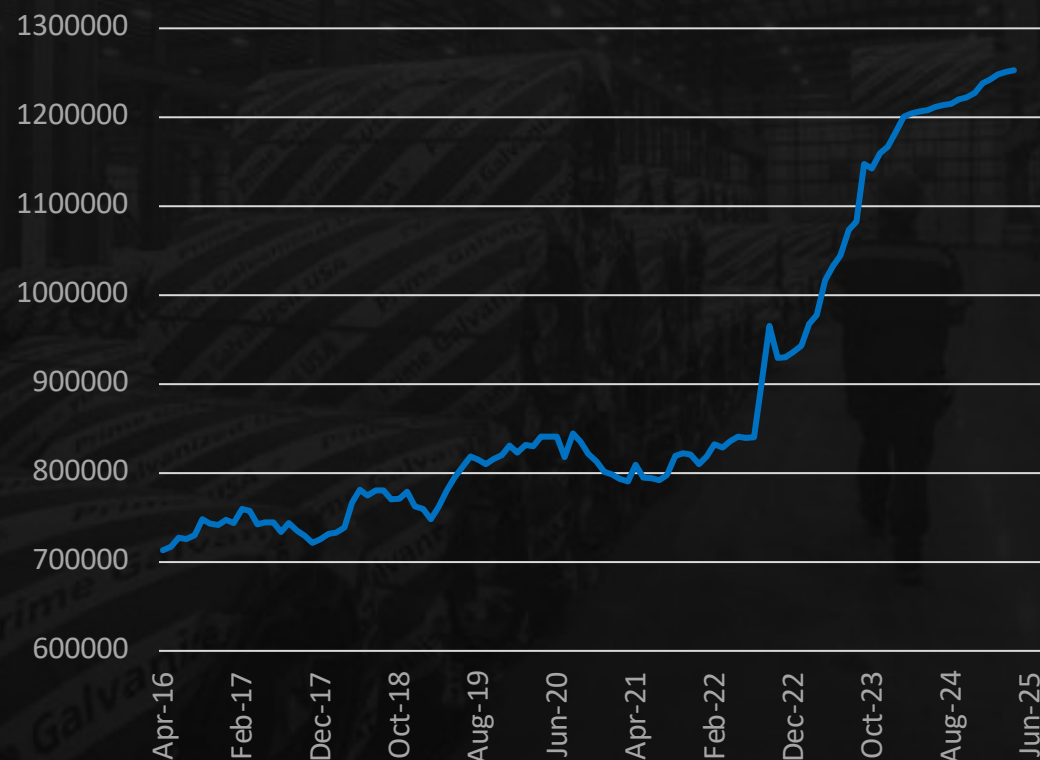
- This was the first year-over-year decline in spending since May 2019.

While spending on both residential and non-residential projects declined in April, spending for residential projects continued to see the largest pullback.

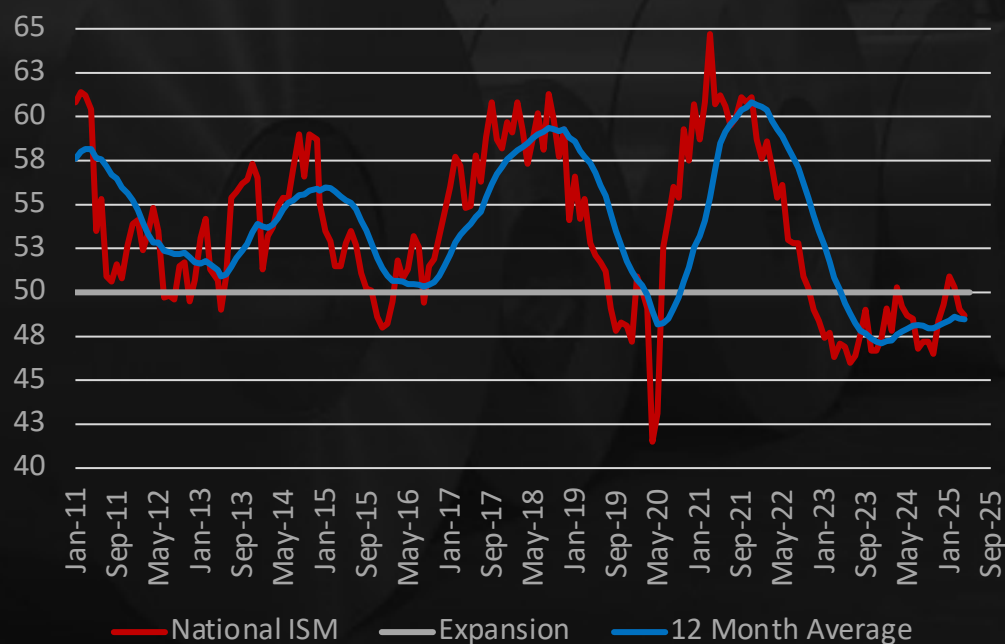
- Residential spending has now dropped on a year-over-year basis in three straight months and is at the lowest seasonally adjusted rate since September.

Non-residential spending now accounts for 58.0% of all spending, the highest percentage since June 2020.

NON-RESIDENTIAL SPENDING (SAAR)



ISM MANUFACTURING INDEX



ISM MANUFACTURING INDEX⁹

Economic activity in the manufacturing sector slowed again in May, now contracting for the third consecutive month.

The May ISM Manufacturing Index came in at 48.5, down slightly from the 48.7 reading in both April and last May.

- Any reading below 50 indicates a contraction in activity, while any reading above 50 indicates expansion.

While the new order component contracted at a slightly slower rate than in April, the production component contraction sped up from last month.

- The new order and production components came in at 47.6 and 45.4, respectively.

The backlog of order component contracted at a much slower rate in May, improving to 47.1 from 43.7 previously.

DEMAND

▼ CARBON STEEL CONSUMPTION¹⁰

Weaker mill shipments, combined with the sharp drop off in imports, helped to push total carbon flat rolled consumption lower in April.

April carbon flat rolled consumption (shipments + imports - exports) totaled 4.358 million tons.

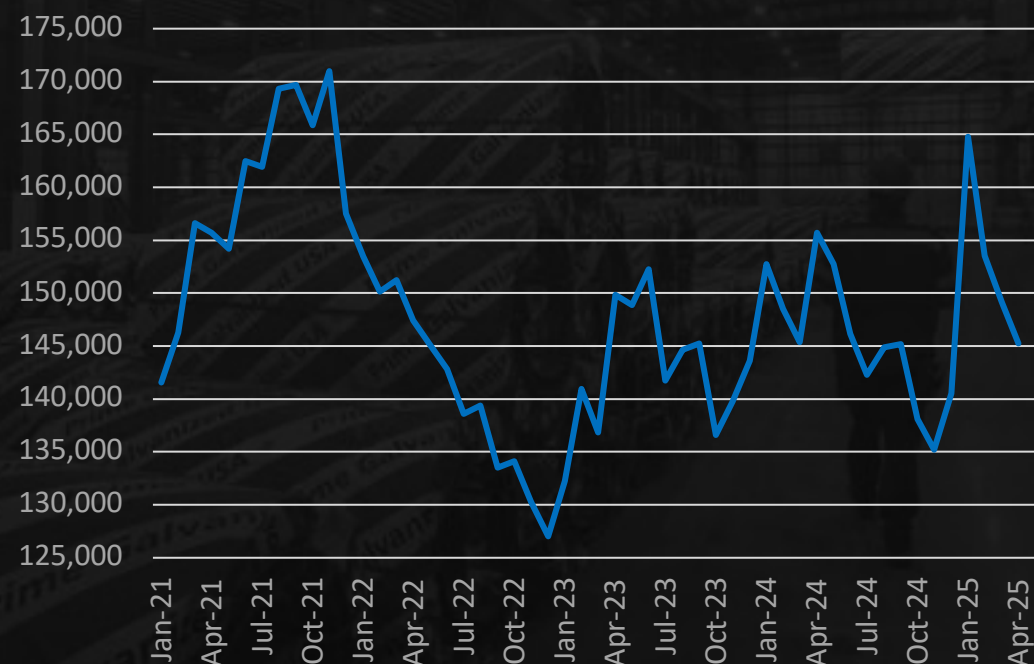
- This was down 5.7% from March and 6.7% from 4.672 million tons in April 2024.

Daily carbon consumption came in at a 145.3k ton/day rate, the slowest rate since December.

Despite the slowing consumption rate in April, the current rate remains above the monthly average for 2024.

The continued uncertainty around tariffs, combined with uncertainty around domestic pricing, could negatively impact consumption moving through Q2.

CARBON FLAT ROLLED CONSUMPTION



WEEKLY INITIAL JOBLESS CLAIMS¹¹

The number of Americans filing new claims for unemployment benefits increased to a seven-month high last week due to ongoing uncertainty around tariffs.

The Department of Labor's Weekly Initial Jobless Claims report came in at 247,000 claims, up from 239,000 the prior week.

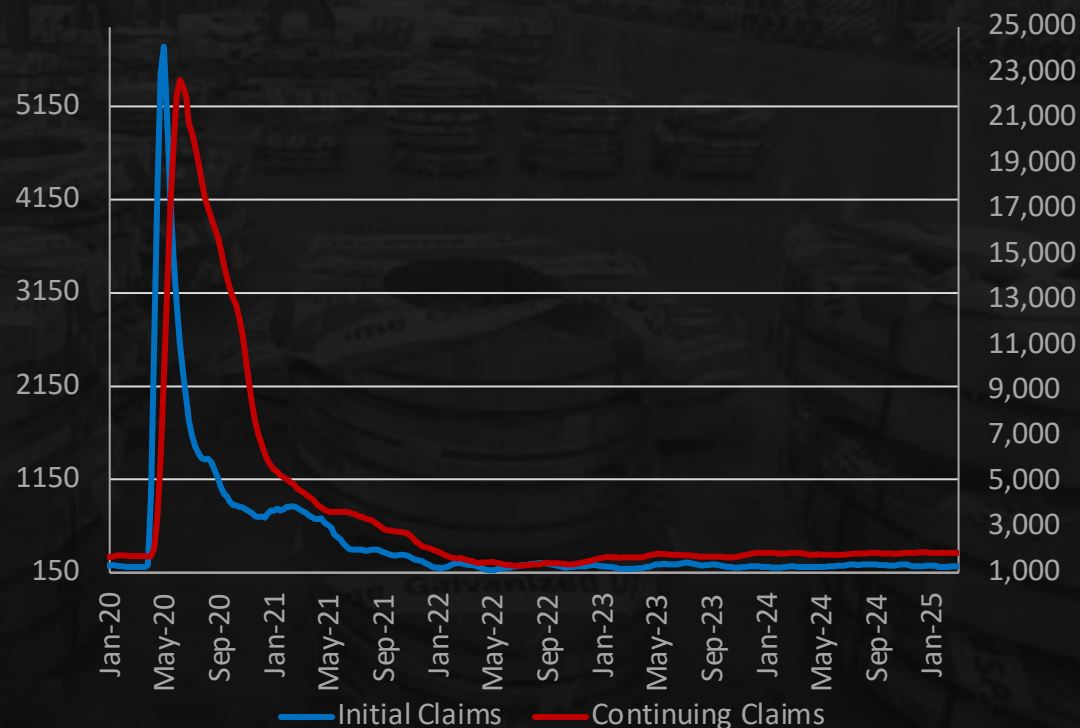
- The four-week moving average, considered a better measure of the labor market as it irons out week-to-week volatility, increased again to 235,250.

Continuing claims, or claims lasting longer than one week, dipped slightly after climbing the previous two weeks.

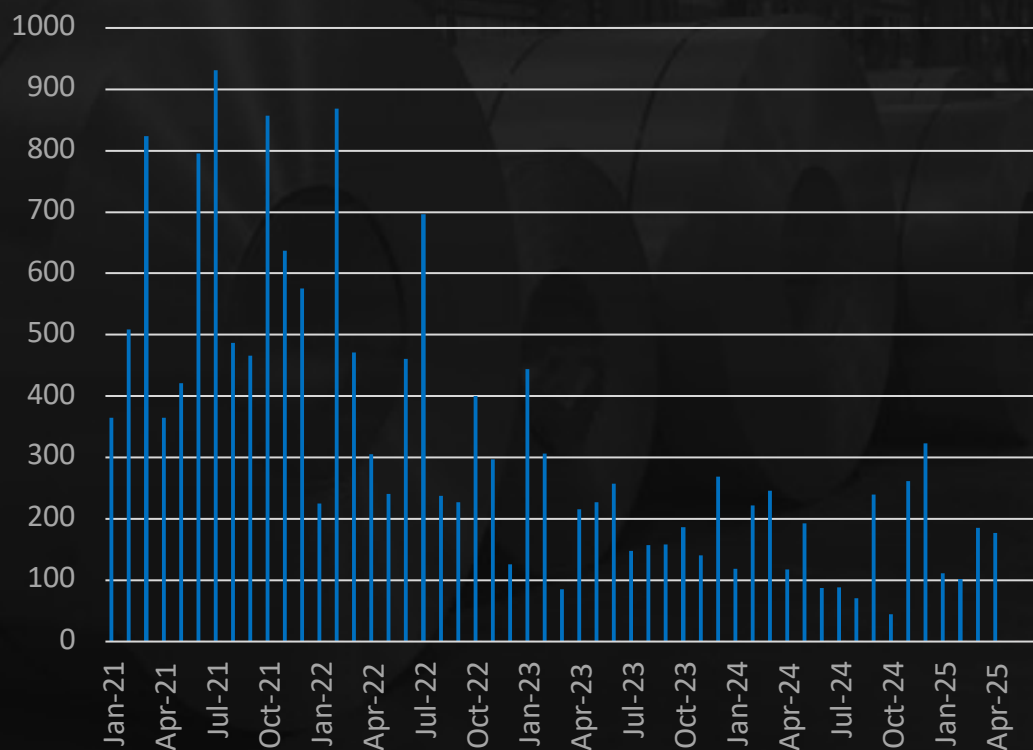
- Continuing claims came in at 1.904 million claims, down from 1.907 million claims previously.

There were notable rises in unadjusted claims in Kentucky and Tennessee, likely related to layoffs in the motor vehicle industry amid duties on imported parts.

WEEKLY INITIAL JOBLESS CLAIMS



MONTHLY JOBS ADDED



EMPLOYMENT SITUATION¹²

The U.S. added 139,000 jobs in May, a slightly slower pace than the 147,000 jobs added in April.

- Despite the slower rate, the U.S. has now added at least 100,000 jobs in seven consecutive months.
- While total employment increased, the unemployment rate held steady at 4.2%.

The private sector, which accounts for roughly 70% of the workforce, saw an increase of 140,000 jobs in May.

- The results from the recent cuts, government employment declined by 1,000 jobs in May.

While the total construction sector saw an increase of 4,000 jobs, building construction saw employment increase by 6,700 jobs.

Manufacturing employment saw an 8,000 decline in May after climbing by 5,000 jobs in April.

- Both primary metal and fabricated metal product manufacturing increased by 1,300 jobs respectively.

SOURCES

- 1 Prime Scrap Cost, Market Conversations: Week ending June 6, 2025.
- 2 Platts, Spot Iron Ore: June 6, 2025.
- 3 London Metal Exchange, Weekly Zinc Price and Inventory Report: June 6, 2025.
Shanghai Futures Exchange, Weekly Zinc Inventory Report: June 6, 2025.
- 4 Platts, Coking Coal Price: June 6, 2025.
- 5 American Iron & Steel Institute, Weekly Domestic Steel Production: June 3, 2025.
- 6 WardsAuto, U.S. Light Vehicle Sales: May 2025.
- 7 WardsAuto, U.S. Light Vehicle Inventory: May 2025.
- 8 U.S. Census Bureau, Construction Spending: April 2025.
- 9 Institute for Supply Management, Manufacturing PMI: May 2025.
- 10 American Iron & Steel Institute, Carbon Steel Consumption: April 2025.
- 11 Department of Labor, Weekly Initial Jobless Claims: June 5, 2025.
- 12 Bureau of Labor Statistics, Employment Situation: May 2025.

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